

Message Text

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ACTION EUR-25

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TO SECSTATE WASHDC 6597

INFO DOD WASHDC

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CINCLANT

C O N F I D E N T I A L LONDON 14958

E.O. 11652: XGDS-1

TAGS: MARR, MCAP, UK, NATO

SUBJECT: BRITISH DEFENSE BUDGET

REF: LONDON 14162 AND 14175

1. WE SPOKE WITH TIDY (HEAD DS-12, MOD) ON 19 DEC ABOUT APPORTIONMENT OF POUND 178 MILLION REDUCTION IN DEFENSE SPENDING UNDER FY 1975 BUDGET. WE ALSO ASKED HOW PROJECTED PROCUREMENT CUTS WOULD AFFECT BRITISH PLANS TO ACCELERATE SCHEDULED PROCUREMENT PAYMENTS TO US TO HELP MEET JACKSON-NUNN REQUIREMENTS FOR BALANCE OF PAYMENTS OFFSET.

2. TIDY CONFIRMED THAT MOD PLANS NO MANPOWER REDUCTION OR ANY ALTERATION IN NATO-COMMITTED FORCES UNDER NEWLY-ESTABLISHED 3.3 BILLION POUND EXPENDITURE LEVEL FOR FY 1975. ALTHOUGH THE PRESS HAS BEEN SPECULATING AS TO EQUIPMENT PROGRAMS THAT ARE TO BE POSTPONED OR CANCELLED AS RESULT OF THE 162 MILLION POUND PROCUREMENT CUT-BACK (THE OTHER 16 MILLION POUNDS WILL COME FROM CON-
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STRUCTION), TIDY SAID NO DECISIONS HAVE YET BEEN TAKEN.

THE DEFENSE STAFF IS NOW DEVELOPING PROGRAM OPTIONS TO BE SUBMITTED TO MINISTERS FOR DECISION IN EARLY JANUARY.

3. WHILE DISTRIBUTION OF PROGRAM ADJUSTMENTS IS STILL UNCERTAIN, HMG'S PLANS TO ACCELERATE PAYMENTS FOR EQUIPMENT PURCHASED IN US ARE NOT EXPECTED TO BE AFFECTED. MOD OFFICIALS HAD TOLD US THEY FORESAW LITTLE IF ANY NEW PROCUREMENT IN US FY 74 IN RESPONSE TO THE 29 NOVEMBER RUMSFELD PROPOSAL, AND TIDY CONSIDERS IT UNLIKELY THAT ACTIONS TAKEN IN RESPONSE TO THE FY 1975 DEFENSE BUDGET CUT WILL ALTER HMG'S ABILITY OR WILLINGNESS TO BE HELPFUL IN JACKSON-NUNN CONTEXT.

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